

WILLIAM J. COLMAN

IBLA 78-462

Decided October 23, 1978

Appeal from decision of the Utah State Office, Bureau of Land Management, requiring a new bond in connection with oil and gas lease SL-042322.

Affirmed.

1. Oil and Gas Leases: Bonds

When an oil and gas lessee's bond is reduced below the required amount because of Geological Survey's recovery from the surety of unpaid assessments due under the lease, the Bureau of Land Management must require the principal on the bond to file a new bond in the appropriate amount.

APPEARANCES: William J. Colman, pro se.

OPINION BY ADMINISTRATIVE JUDGE THOMPSON

William J. Colman appeals from the decision of the Utah State Office, Bureau of Land Management (BLM), dated May 2, 1978, requiring him to post a new \$10,000 bond within 6 months from receipt of the decision. The record indicates that the Area Oil and Gas Supervisor, Geological Survey, was unable to collect \$450 due under the lease from Colman, and therefore, had recovered that amount from the surety on Colman's present bond.

In his statement of reasons appellant refers to a change in reporting requirements by Survey and penalties for damages, but offers no further explanation of the reason why Survey had to collect \$450 from the surety on the bond. Appellant requests a hearing to substantiate his claim of acting in reliance on advice of Survey employees, but does not point out why this would compel any different result in this case; therefore, the request is denied.

[1] Appellant's reasons are unclear to us. At most, we can only guess why it was necessary for Survey to collect the \$450 from the surety on the bond. However, there is no dispute over the fact that payment from the surety was made. 1/

The only clear issue before us is the necessity for a new bond because the old bond has been reduced by \$450. When an oil and gas lessee's bond is reduced below the required amount because of Survey's recovery from the surety of unpaid assessments due under the lease, BLM must require the principal on the bond to file a new bond in the appropriate amount. 43 CFR 3104.7(b); James S. Guleke, 34 IBLA 1 (1978).

BLM applied the regulation to appellant after Survey reduced his bond by \$450. The regulation clearly requires appellant to file a new bond in the amount of \$10,000 to replace the original bond. Appellant has made no suggestion of error by BLM in applying the regulation. Any assertion of error by Survey should first be taken up with that agency under 30 CFR Part 290.

Appellant requests, alternatively, that the existing bond be retained and he be allowed to post an additional bond for \$450. This request must be denied, as the regulation specifically requires "a new bond in the amount previously held by the Government." 43 CFR 3104.7(b). Furthermore, there could be administrative problems if other bonds were permitted, and future reimbursements from the surety were required. The BLM decision requiring appellant to post a new bond for \$10,000 is correct. 2/

1/ The record is unsatisfactory in showing the basis for Survey's action; however, since the essential fact is not in question, we shall decide this case on the record before us.

2/ The request must be denied for a further reason. While this decision was pending for consideration, on September 15, 1978, this Board received a copy of a letter indicating that the General Insurance Company considered the bond canceled because of Mr. Coleman's failure to pay sums due, and that it will not consider further claims on the bond.

Therefore, pursuant to the authority delegated to the Board of Land Appeals by the Secretary of the Interior, 43 CFR 4.1, the decision appealed from is affirmed.

Joan B. Thompson
Administrative Judge

We concur.

Edward W. Stuebing
Administrative Judge

Joseph W. Goss
Administrative Judge

